

The People vs. the Internet

What's wrong with the Internet? Umm... we are.

*With that lesson learned, prepare your
business for a bright future online*

BY JIM CARROLL

Many words have been used to describe the Internet over the past few years, none more than "revolutionary" and "over-hyped". Whatever position you take, this much is beyond question: the Net is the biggest thing to hit business in the past 20 years.

As it happens, I'm one of the revolutionaries. And from my perspective, there's no doubt the Internet will continue to generate major opportunities and challenges for business. It will give upstarts a better chance to challenge established players; it will offer all businesses new ways to compete.

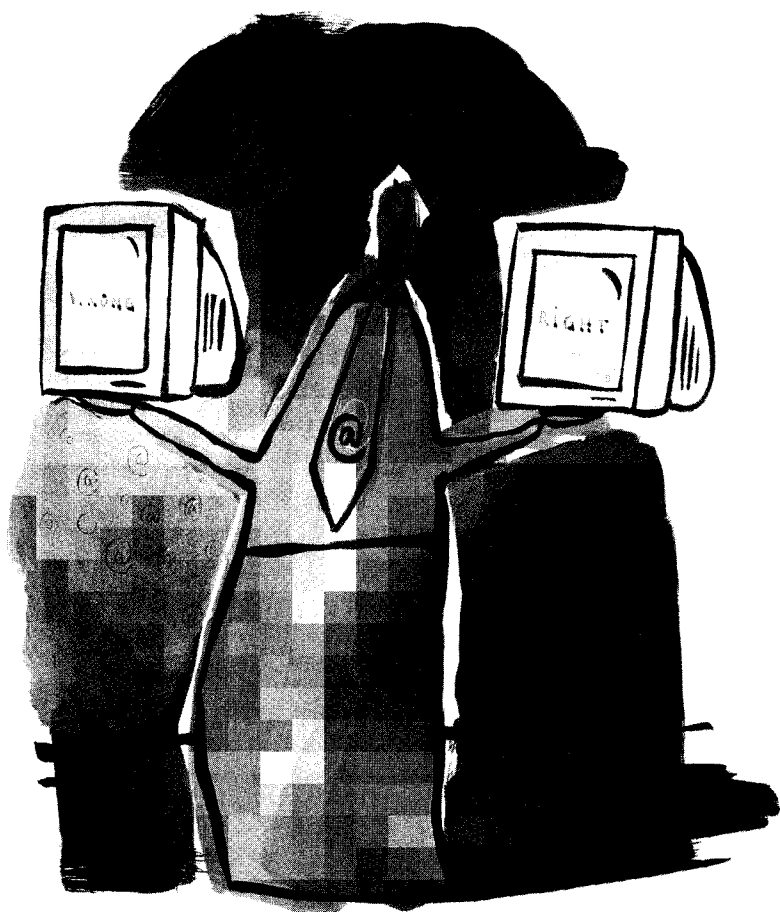
You might think that's a rosy view, given the well-publicized lows of the early days of e-biz. But there have been many highs, too. So I catalogued the biggest "rights" and "wrongs" of the Net Age and the valuable insights they provide. Turns out most of the lessons aren't about the Net at all — they're about us.

WRONG: E-business is easy.

Even from the Net's earliest days, the word "easy" permeated Net marketing literature, seminars and news. It was most overused with the idea of selling online. Even *Fortune* once noted, "It's now possible to set up a Web page and conduct electronic commerce in a matter of minutes, with no up-front costs."

Whatever. No one has ever suggested you can create a successful sales operation in the "real world" in a few days or even weeks, so why believe it can be done online? Simply establishing a sound business model takes time, effort and intelligence. Yet the Easy Myth continues to infiltrate other aspects of e-biz, from e-billing to e-procurement. These are technology-intensive initiatives, and building new technology into a business process can be very difficult to do. The Standish Group, a U.K. consultancy, estimates that three-quarters of all business technology installations exceed budget, are late or fail altogether. I suspect it's rarely the technology's fault.

I think you *should* weave the Net into your operations. But take the same care to justify your online strategy as you would with any offline plan. When it comes to actually building the Net into your busi-



NET COMPANIES

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ness, estimate how long the implementation will take. Then plan for it to take at least twice that long.

RIGHT: Content counts.

Ask me to name a great business website, and I'll say Grasmick.com. You've never heard of it, but it's a terrific example of online marketing done right.

Joseph Grasmick is a Buffalo, N.Y. lawyer who specializes in the complex area of Canada-to-U.S. business immigration. Grasmick.com centres upon an extensive, well-organized set of information that answers many of the questions a potential immigrant might have about U.S. visas. As you read the material, you become convinced that you need profession-

al help to get your visa – and that Grasmick is the person for the job. He builds credibility by offering answers rather than beautiful design and flashy gimmicks.

Few corporate websites match the content formula found on Grasmick.com. I think companies must recognize that every visitor has problems to be solved, and try to solve them. For instance, try presenting tips on using your product more effectively or useful news about your product category. Just keep in mind that dated content reflects poorly on your reputation; keep your content fresh.

WRONG: People change overnight.

Many people have suffered from the popular perception that companies and consumers can and will rapidly adopt new ways of buying and selling. Consider e-marketplaces, which have received a lot of ink. By aggregating far-flung companies under one roof, e-marketplaces promised to slash costs for buyers and sellers.

That promise still holds. But the backers of e-marketplaces forgot about people. The purchasing managers who might join e-marketplaces already had long-standing

relationships in place, and knew where they could get good deals. Some balked at paying fees for the privilege of buying and selling. Others saw e-marketplaces as a threat to their jobs.

The Net has met resistance on the consumer side, too. For instance, many companies now offer online billing, where invoices come to you by e-mail. It makes perfect sense for companies and their customers, but take-up has been extremely slow. One U.S. utility, PECO Energy, sends out 18 million bills a year – yet only 7,500 customers use its e-billing service, which was launched in 1998.

Why? Humans are naturally slow to change. Where technology is involved, they're often scared to change. Pay attention to people issues in any Net project. Remember, the Net isn't just about implementing technology – it's also about changing the way people work. Help them cope and you'll see quicker payoffs.

RIGHT: Niche marketing works.

Dragonfly Toy Co. and Lee Valley Tools exemplify how the Web is a perfect tool for penetrating tight niches.

Few firms have succeeded at selling toys online. Winnipeg-based Dragonfly (www.dragonflytoys.com) is different. It produces toys for kids with special needs, and does almost all of its business online. Lee Valley (www.leevalley.com) specializes in high-end gardening and carpentry tools that you don't usually find at the local hardware store. The Ottawa-based company now derives 13% of its total revenues from online sales.

Why have these outfits found online success where bigger companies have struggled? In large part because the global reach of the Web helps the buyers of special-interest products find niche sellers, and helps the sellers reach enough customers to make their niches viable.

Of course, a lot of firms don't work in niche markets. If you're one of them, think about whether there is any way to "nichify" your offering for the Web. For instance, if you sell a broad range of products that might be assembled into narrow categories, you could build specialized websites for each of them.

WRONG: Better dead than second.

Buzz-phrases such as "first-mover advantage" and "Internet time" have been promoting the idea that simply adopting an idea before everyone else is the secret to a killer business. Next Big Thing thinking led to the bizarre prospectus of Buy.com, which stated, "we have extremely low and sometimes negative gross margins on our product sales." Investors saw a company that was admitting it would lose money, figured its management team must know something special, and bid its stock up!

Today's Next Big Thing is the wireless Internet and mobile commerce. The press releases coming out of these areas might lead you to believe you'll be out of business within two years unless your customers can order from you on their cell-phones. Reality check, please!

There is no Next Big Thing, and I don't think there will ever be one. Avoid anything that reeks of hype. Keep believing that your best Internet opportunity comes in using the Net to run your business run better, and the Net could soon be your best friend.

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**AS MEMBERS OF THE LEAF INITIATIVE
IN RECOGNITION OF THEIR
ACCOMPLISHMENTS AS A CANADIAN
NEW ECONOMY SUCCESS STORY**

The Hills: Hammie, Austin & Hamnett

Co-Founders,
Zero-Knowledge Systems

Internet security and
privacy pioneers

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for more on the Hills and
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IN 1997, the father-and-sons team of Hammie, Austin and Hamnett Hill identified a business opportunity in the convergence of consumer, business and government needs for the effective management, protection and policy support of security and privacy on the Internet.

THE RESULT was Zero-Knowledge Systems, an Internet security and privacy pioneer that saw its fame and importance skyrocket as Internet use soared. In its short history the company has raised more than \$50 million in financing and has rolled out privacy and security tools for corporate and consumer Internet users across the globe.

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